

FINANCIAL POSITION

A Comparison of TVA and Government-Sponsored Enterprises

While TVA is an agency and instrumentality of the United States, it is broadly associated in the financial community and among investors with the financial government-sponsored enterprises (GSE's), Sallie Mae, Freddie Mac, the Federal Home Loan Bank, Fannie Mae and the Federal Farm Credit Bureau. Like TVA's debt, none of the debt of any of the financial GSE's is explicitly guaranteed by the U.S. Government.

Key features of TVA as a federal agency include:

- TVA is an agency and instrumentality of the United States Government, with a statutorily-defined mission to operate in the public interest, and is headed by a three-member board, whose members are appointed by the President and confirmed by the Senate.
- A wholly-owned Government corporation, TVA was created by and operates under the TVA Act of 1933, as amended, which is its charter.
- Under the TVA Act, TVA is charged with federal flood control and navigation responsibilities for the fifth largest river system in the nation, with resource management and industrial development of the Tennessee Valley region, and with providing an ample supply of power at the lowest feasible rates to advance the physical, social and economic development of the Tennessee Valley region.
- TVA holds real property in the name of the United States and disposes of any surplus real property as an agent of the United States.
- TVA's annual budget is a mandatory component of the President's annual budget submission to Congress.
- TVA's power rates are set by the TVA Board.
- With limited exceptions, TVA may sell power only within a Congressionally defined area, but may not be required to transmit power for use within that area.
- TVA is not subject to state or local taxation and is not subject to regulation by the states unless Congress so expressly allows such Regulation.
- TVA reports annually to the President and Congress and is subject to GAO auditing.
- Principal and interest on TVA bonds are generally not subject to state income taxes.
- TVA bonds with maturities of one year or longer from the date of issuance are subject to the approval of the Secretary of the Treasury as to maximum rate of interest and time of issuance, and, upon request, TVA may be required to consult with the Secretary of the Treasury regarding issuance of its bonds.
- TVA has authority to borrow up to \$150 million from the U.S. Treasury.
- The TVA Act caps TVA's borrowing authority and provides protection for TVA bondholders in the form of a rate test and a bondholders' investment test.
- While TVA's bonds are not obligations of or guaranteed by the United States, they are "government securities" for purposes of the Securities Exchange Act of 1934 and are exempt from registration under the Securities Act of 1933.
- TVA's bonds are lawful investments and may be accepted as security for all fiduciary, trust and public funds, the investment or deposit of which is under the authority or control of any officer or agency of the United States.
- TVA is required to keep all its banking accounts in the U.S. Treasury unless approved otherwise by the Secretary of the Treasury.



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	TVA	FNMA	Farm Credit	FHLB	FHLMC	SLMA
Year Established	1933	1938	1916	1932	1970	1972
Rating	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA
Ticker Symbol	TVA; TVB; TVC; TVE	FNM	n/a	n/a	FRE	SLM
Explicit guarantee by Government						
Equity owned by Government	●					
All Directors appointed by President and confirmed by Senate	●					
Power of Eminent Domain	●					
Authority to borrow from the U.S.Treasury	●	●		●	●	●
Borrowing on budget of U.S. Government	●					
Bonds exempt from S.E.C. registration	●	●	●	●	●	●
Legal investment of national banks	●	●	●	●	●	●
Asset Class	Generation & transmission fixed assets	Mortgages	Agricultural loans	Bank loans and other financial services	Mortgages	Educational loans